Equity Kenya Macro Note

Kenya Financial Markets Weekly

10th Aug to 14th Aug 2026

Decision time as MPC meets

The CBK's monetary policy committee is expected to meet on Tuesday to give direction on the country's monetary policy direction for the next 2 months. With KES firmly holding at 129.4 supported by FX reserves and inflation below the 7.5% , we expect CBK to hold the benchmark rate at 8.75%.

Oil down 9% on truce expectations

Oil futures eased 9% last week closing Friday at $82/barrel. as investors weighed signals that Gulf states and Iran were closing in on a deal to reopen the Strait of Hormuz under a temporary arrangement aimed at allowing for broader talks to bring the Iran war to a close. Iran has largely blocked shipping through the strait since the conflict began, while its Houthi allies in Yemen this month threatened vessels transiting the Bab el-Mandeb strait at the southern end of the Red Sea, jeopardizing an alternative export route used by Saudi Arabia and other regional producers.

Eyes on EPRA as fuel review expected on Friday

Energy and Petroleum Regulatory Authority (EPRA) is on Friday expected to announce the monthly fuel review. We expect EPRA to maintain current prices for the next cycle given the average price of murban oil for July and June were $79.5/bb and $80.1/bbl respectively. July YoY inflation came in at 6.5% driven by 15.7% increase in transport costs that account for 9.6% of the weight in the consumer food basket. Extension of the VAT halving on fuel to 8% for the next 3 months combined with subsidies will help cushion consumers from the Middle East oil supply shock.

Equities continue on terrific run

NSE market capitalization retreated 1% to KES 3.95trn ($30.5bn) from KES 3.99trn ($30.8bn) at the end of the previous week. The benchmark NSE 20 index was up 0.43% to 4111.14 points despite the NSE25 and NASI retreating 0.46% and 1.17%. Equities have performed well despite geopolitical and inflationary risks. Foreign investors net withdrawal stood at KES 487m ($3.8m) from KES 661m ($5m). Local investors dominated market activity accounting for 69% of the KES 4.1bn . Equities are expected continued preforming better than other investment classes driven by low returns on fixed income assets coupled with dividend prospects following remarkable financial performance.

Dilemma for Fed as USA sheds 23,000 jobs in July.

The USA economy shed 23000 jobs in July against earlier forecasts of 80,000 new jobs created. The USA economy that had appeared to have weathered the Middle East conflict had expected higher figures after a downward revision of June payroll increase from the earlier reported 57,000 to 20,000 now faces questions on the likely decision of the FOMC that has a dual mandate of jobs creation and inflation management.

Financial markets anticipated a September interest rate hike from the Fed. The U.S. central bank last week left its benchmark overnight interest rate in the 3.50%-3.75% range. Three members of the Fed's policy-setting committee dissented, preferring a quarter-percentage-point hike.

Kenya 2032 biggest gainer as investors expect peace deal soon

Kenya 2032 was up 50bps last week, the biggest gainers as investors continued monitoring the gulf situation with expectations of an interim peace deal in the near future. Yields had risen significantly following the collapse of the earlier vulnerable truce that hindered the reopening of the Hormuz strait a significant waterway that handled 20% of the oil and gas supply. Kenya 2032 was now 100bps higher than Rwanda 2031 down from 150bps at the end of the previous week US10YR and 30YR dropped 10bps while Senegal 2033 eased 50bps over the week. Across board yields eased significantly and could go down further if a deal is reached soon.

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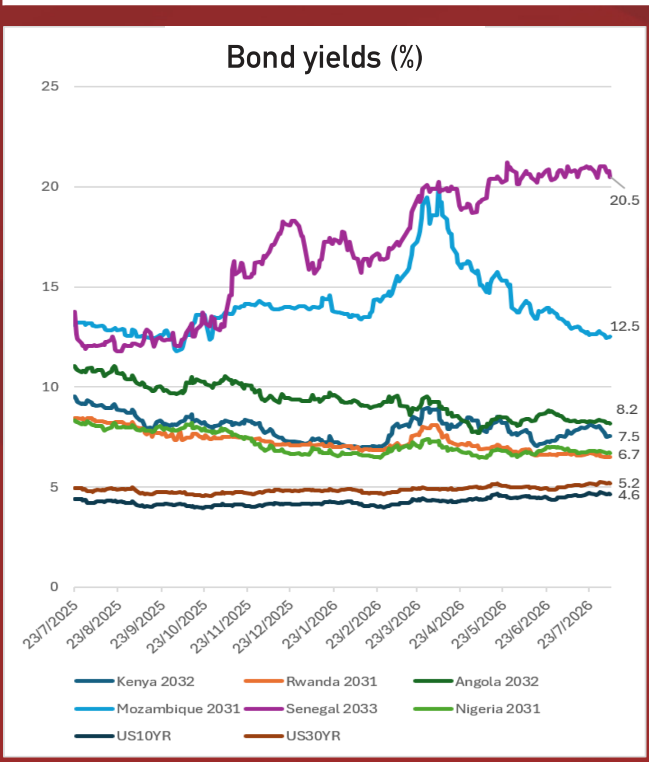
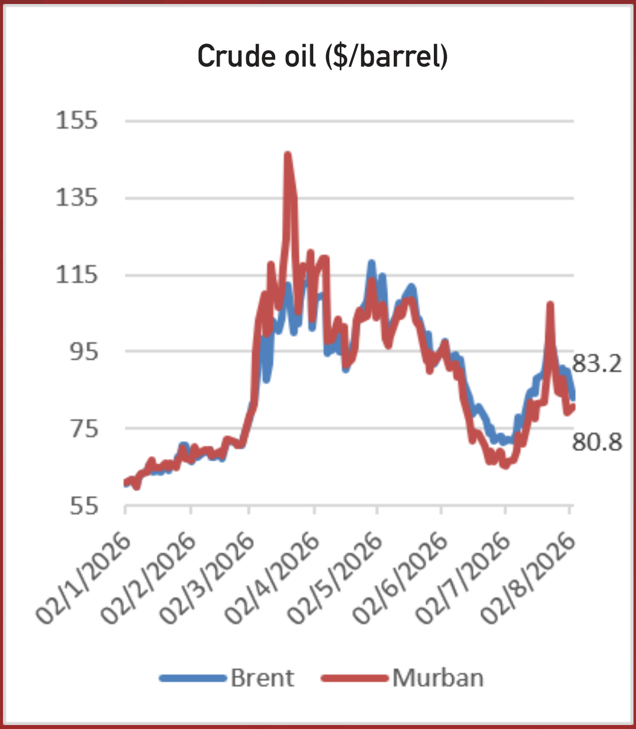
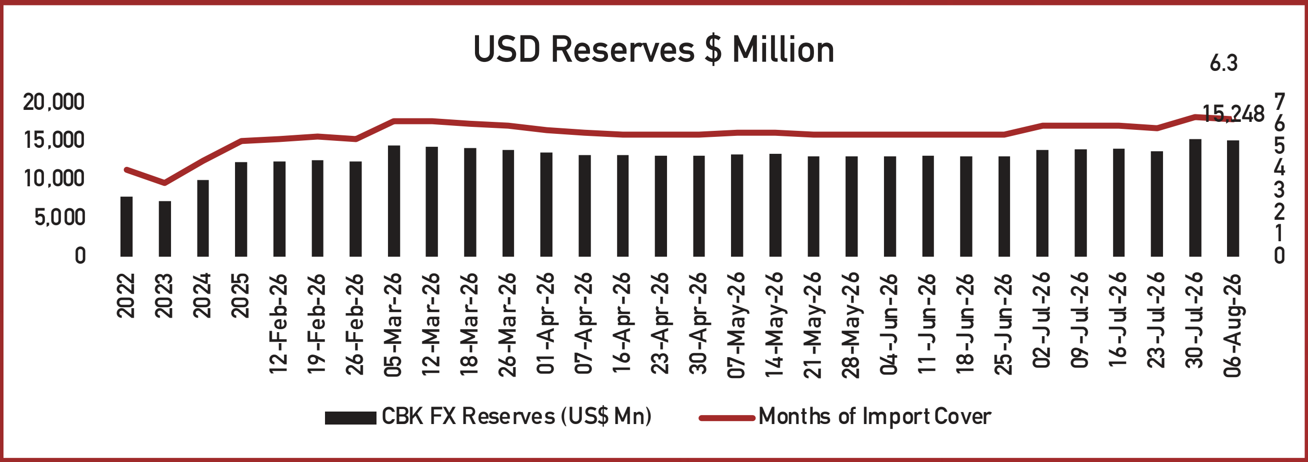
KES Holds Firm as External Buffers Strengthen

The shilling remains resilient with USD/KES trading within a narrow 129.20–129.70 range despite a modest 0.8% WoW depreciation. Robust FX reserves of $15.2bn equivalent to 6.3 months of import cover continue to support currency stability and provide a buffer against external pressures.







NEWS:

- •NSE valuation crosses record KES 4trn Mark
- •Electricity imports overtake wind generated power
- •Safaricom stake sale earnings push reserves past $15bn
- •Banks expect CBK to keep rate at 8.75%
- •CBK targets Sh150bn from reopened infrastructure bonds
- •Government eases a third rule requirement in crypto regulation
- •Kenya paying Sh7.7bn for unused loans
- •57% of businesses benefiting from public tenders mask owner's identity against IMF, World Bank deal
- •Crops, livestock insurance uptake to doubles to Sh2bn on climate risk
- •Kenya looks to Saudi for Oil imports

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Key Financial and Economic Calendar Month	Events & Dates
11th August	US PPI
12th August	US CPI
14th August	EPRA Pump Prices
11th August	Monetary Policy Committee (MPC) Decision
12th August	US CPI Data release
21st - 23rd August	Jackson Hole Economic Symposium. Fed Chair Warsh keynote

PMI Signals Renewed Momentum in Private Sector

Kenya's private sector moved back into expansion in July with the PMI rising to 51.3 its strongest reading since January 2026. The acceleration in new orders alongside a pickup in hiring points to a broadening recovery in domestic demand. For businesses and market participants the data suggest improving operating conditions and a more constructive near-term growth outlook although the pace of expansion remains moderate.

Public Debt Hits KES 13tn as Domestic Financing Dominates

Kenya's total public debt stood at KES 13.013tn at end-June 2026 equivalent to 68.5% of GDP according to the National Treasury. Domestic debt accounted for KES 7.33tn (56%) while external debt stood at KES 5.68tn (44%) highlighting the continued dominance of domestic financing in the public debt mix.

Kenya Seeks $450m Emergency Financing Amid External Shocks

Kenya is reportedly in discussions with the World Bank for about $450m in emergency financing to cushion the economy against potential spillovers from the Iran conflict and El Niño-related weather shocks. The proposed funding would be channelled through a Contingent Emergency Response Project providing an additional fiscal buffer should these risks materialise.

Dangote's $17bn Lamu Refinery to Reshape Regional Energy Supply

Dangote Industries plans to develop a 700,000 bpd refinery in Lamu with investment of up to $17bn and construction expected to take about five years. The project could materially strengthen regional refining capacity, energy security and petroleum-product supply with financing expected through internal cash generation, bonds and a planned pan-African IPO.

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